



WYCLIFFE BIBLE TRANSLATORS, INC.  
AND AFFILIATES

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2016 and 2015

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Wycliffe Bible Translators, Inc. and Affiliates  
Orlando, Florida

We have audited the accompanying consolidated financial statements of Wycliffe Bible Translators, Inc. and Affiliates, which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wycliffe Bible Translators, Inc. and Affiliates as of September 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Columbia, South Carolina  
February 6, 2017

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statements of Financial Position

(in thousands of dollars)

	September 30,	
	2016	2015
<b>ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 8,324	\$ 8,441
Investments (Note 3)	65,291	62,430
Contributions receivable–net	1,810	440
Bequests receivable	259	1,244
Notes receivable (Note 5)	986	810
Amounts due from related entities (Note 9)	810	958
Other assets	2,862	2,383
Investments related to fiduciary agreements (Note 4)	19,044	18,271
Property and equipment–net of accumulated depreciation (Note 6)	38,642	39,502
Assets held for endowment (Note 15)	2,601	2,475
<b>Total Assets</b>	<b>\$ 140,629</b>	<b>\$ 136,954</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,343	\$ 1,508
Construction payable	-	964
Medical claims payable (Note 11)	2,381	1,630
Amounts due to related entities (Note 9)	784	967
Accrued compensation	7,795	7,670
Line of credit (Note 7)	-	1,078
Deferred lease incentive (Note 8)	575	605
Fiduciary agreements (Note 2)	11,822	11,808
	24,700	26,230
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Undesignated	17,900	15,859
Equity in property and equipment–net	38,067	37,670
Board designated	6,667	6,133
Corporate reserves	18,125	13,762
	80,759	73,424
Temporarily restricted (Note 10)	33,087	35,224
Permanently restricted (Note 10)	2,083	2,076
	115,929	110,724
<b>Total Liabilities and Net Assets</b>	<b>\$ 140,629</b>	<b>\$ 136,954</b>

See notes to consolidated financial statements

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING SUPPORT AND REVENUE:</b>				
Contributions	\$ 30,953	\$ 155,124	\$ 7	\$ 186,084
Service income	2,844	12	-	2,856
Interest and dividend income	1,035	283	-	1,318
Other	99	-	-	99
Net gain on sale of property and equipment	1	-	-	1
Net assets released from restrictions:				
Satisfaction of program restrictions	156,848	(156,848)	-	-
Satisfaction of time restrictions	934	(934)	-	-
Total operating support and revenue	192,714	(2,363)	7	190,358
<b>OPERATING EXPENSES:</b>				
Program services:				
Bible translation and related programs	146,174	-	-	146,174
Supporting services:				
General and administrative	25,354	-	-	25,354
Fund-raising	15,949	-	-	15,949
	41,303	-	-	41,303
Total operating expenses	187,477	-	-	187,477
Change in net assets from operating activities	5,237	(2,363)	7	2,881
<b>NON-OPERATING ACTIVITIES:</b>				
Net realized/unrealized gain on investments	1,816	189	-	2,005
Change in value of fiduciary agreements (Note 4)	282	37	-	319
Change in net assets from non-operating activities	2,098	226	-	2,324
Change in Net Assets	7,335	(2,137)	7	5,205
Net Assets, Beginning of Year	73,424	35,224	2,076	110,724
Net Assets, End of Year	\$ 80,759	\$ 33,087	\$ 2,083	\$ 115,929

See notes to consolidated financial statements

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING SUPPORT AND REVENUE:</b>				
Contributions	\$ 29,730	\$ 152,367	\$ 6	\$ 182,103
Service income	2,787	-	-	2,787
Interest and dividend income	1,212	280	-	1,492
Other	156	-	-	156
Net loss on sale of property and equipment	(39)	-	-	(39)
Net assets released from restrictions:				
Satisfaction of program restrictions	150,695	(150,695)	-	-
Satisfaction of time restrictions	1,175	(1,175)	-	-
Total operating support and revenue	<u>185,716</u>	<u>777</u>	<u>6</u>	<u>186,499</u>
<b>OPERATING EXPENSES:</b>				
Program services:				
Bible translation and related programs	144,590	-	-	144,590
Supporting services:				
General and administrative	23,938	-	-	23,938
Fund-raising	16,284	-	-	16,284
	<u>40,222</u>	<u>-</u>	<u>-</u>	<u>40,222</u>
Total operating expenses	<u>184,812</u>	<u>-</u>	<u>-</u>	<u>184,812</u>
Change in net assets from operating activities	<u>904</u>	<u>777</u>	<u>6</u>	<u>1,687</u>
<b>NON-OPERATING ACTIVITIES:</b>				
Net realized/unrealized gain (loss) on investments	1,390	(239)	-	1,151
Change in value of fiduciary agreements (Note 4)	(748)	(209)	-	(957)
Change in net assets from non-operating activities	<u>642</u>	<u>(448)</u>	<u>-</u>	<u>194</u>
Change in Net Assets	1,546	329	6	1,881
Net Assets, Beginning of Year	<u>71,878</u>	<u>34,895</u>	<u>2,070</u>	<u>108,843</u>
Net Assets, End of Year	<u>\$ 73,424</u>	<u>\$ 35,224</u>	<u>\$ 2,076</u>	<u>\$ 110,724</u>

See notes to consolidated financial statements

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statements of Cash Flows

(in thousands of dollars)

	Year Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 5,205	\$ 1,881
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,666	2,423
Net (gain) loss on disposal of property and equipment	(1)	39
Net realized/unrealized gain on sale of investments	(2,005)	(1,151)
Change in value of trust agreements	(37)	209
Actuarial change in annuities, net of payments	581	127
Contributions restricted for endowment	(7)	(6)
Changes in assets and liabilities:		
Contributions receivable	(1,370)	(440)
Bequests receivable	985	(271)
Amounts due from related entities	148	(206)
Other assets	(479)	(8)
Accounts payable, accrued expenses, and medical claims payable	586	(595)
Deferred matching contribution revenue	-	(628)
Amounts due to related entities	(183)	178
Accrued compensation	125	(176)
Deferred lease incentive	(30)	-
Amounts due other remaindermen	200	(32)
Net Cash Provided by Operating Activities	6,384	1,344
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(10,632)	(11,348)
Proceeds from sale of investments	8,877	9,997
Change in construction payable	(964)	-
Issuance of new note receivable	(360)	-
Payments received on notes receivable	184	63
Purchase of property and equipment	(1,806)	(1,453)
Proceeds from sale of property and equipment	1	9
Net Cash Used by Investing Activities	(4,700)	(2,732)

(continued)

See notes to consolidated financial statements

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statements of Cash Flows

(in thousands of dollars)

(continued)

	Year Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from new fiduciary agreements	387	445
Investment income from trust agreements	285	60
Payments on fiduciary agreements	(1,402)	(1,742)
Payments on line of credit	(1,904)	-
Proceeds from line of credit	826	-
Contributions restricted for endowment	7	6
Net Cash Used by Financing Activities	(1,801)	(1,231)
Net Change in Cash and Cash Equivalents	(117)	(2,619)
Cash and Cash Equivalents, Beginning of Year	8,441	11,060
Cash and Cash Equivalents, End of Year	\$ 8,324	\$ 8,441
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest paid on line of credit (\$-0- capitalized)	\$ 44	\$ 10
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Purchases of property and equipment with line of credit	\$ -	\$ 1,078
Purchases of property and equipment through accounts payable	\$ -	\$ 767
Purchases of property and equipment through lease incentive	\$ -	\$ 605

See notes to consolidated financial statements



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

1. NATURE OF ORGANIZATION:

Wycliffe Bible Translators, Inc. (Wycliffe USA), a California non-profit corporation, is an interdenominational missionary organization with the goal of forwarding, in every way possible, the translation of the Word of God into all those languages of the world where it is needed. Wycliffe USA makes known to the Christian community the opportunities for service, the need for financial and prayer support, and encourages Christians to join with it in bringing God's Word to ethnic groups around the world. Wycliffe USA is a member of Wycliffe Global Alliance, an association of more than 80 Alliance Organizations, which carry out similar work throughout the world.

Support for Wycliffe USA's ministry comes primarily from donor contributions. Wycliffe USA is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law and is classified as a publicly supported organization, which is not a private foundation, under Section 509(a)(1) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**BASIS OF ACCOUNTING**

Wycliffe USA maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**PRINCIPLES OF CONSOLIDATION**

This report presents the consolidated financial position, changes in net assets and cash flows of Wycliffe USA and its controlled affiliates, Seed Company (SC), Moss Park Holdings (MPH) and the Wycliffe Bible Translation Foundation (Wycliffe Foundation). Significant transactions and balances between the organizations have been eliminated for consolidated financial statement purposes.

SC, a California religious non-profit corporation, works with local translators and international partner organizations as well as financial and prayer partners in a concentrated effort to make God's Word readily available for faster church planting, effective discipleship, and greater community transformation. These partnerships ensure the Scriptures are translated accurately and provided in the most accessible forms for maximum impact in the local communities.

MPH is a Florida for-profit corporation whose purpose is to invest in real estate holdings.

Wycliffe Foundation is a California non-profit corporation headquartered in Orlando, Florida. It supports 501(c)(3) tax-exempt organizations that are involved in Bible translation by engaging in gift planning services and planned gift administration. Some of the planned giving instruments that are used by Wycliffe Foundation include wills, annuities, trusts, endowments, and donor-advised funds.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PRINCIPLES OF CONSOLIDATION, continued

Related entities, not included in these consolidated financial statements due to their financial and administrative independence, are listed below:

- Summer Institute of Linguistics, Inc. (SIL) provides training programs for linguists and supports the study of and translation into the less known and unwritten languages in the world. It also promotes literacy development in these languages. JAARS, Inc. (JAARS) provides technical, logistic, and personnel support for field operations. SIL and JAARS are consolidated for financial reporting purposes.
- RIA Charitable Investments Inc. (RIACII) exists to provide a pooled investment opportunity for certain WGA Alliance Organizations.
- Wycliffe Global Alliance (WGA) promotes the efforts of the WGA Alliance Organizations (more than 80 Alliance Organizations) as they engage the worldwide Church in providing resources for Bible translation and related ministry around the globe.
- Graduate Institute of Applied Linguistics (GIAL) is a graduate professional institute that provides training and research opportunities in such areas as linguistics, language and culture learning, language assessment and development, literacy, and Bible translation, and equips students with the skills to train and serve others.
- Wycliffe Associates, Inc. (WA) is committed to involving people in the advancement of Bible translation worldwide through programs of prayer, financial stewardship, and international volunteer service opportunities.

#### MEMBERS

The work of Wycliffe USA is primarily carried out by approximately 3,250 individuals who voluntarily joined the organization. Individual members are responsible for identifying a supporting constituency. To facilitate their work, the organization provides, on a cost basis, a variety of services for these members.

#### ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

Cash includes checking, savings, money market accounts deposited with FDIC-insured financial institutions, and a cash deposit with a related entity. Certain accounts that meet the definition of cash but are part of a larger pool of investments are included in investments. From time to time, Wycliffe USA has cash deposits in excess of federally insured limits; however, Wycliffe USA has not experienced any losses on these accounts and does not believe that it is exposed to any significant credit risk. Wycliffe USA performs ongoing evaluations of the financial institutions to limit its concentration of credit risk exposure. As of September 30, 2016 and 2015, Wycliffe USA, SC, and Wycliffe Foundation had approximately \$4,632,000 and \$3,067,000, respectively, deposited with a related entity functioning as a money market account.

#### INVESTMENTS AND INVESTMENTS RELATED TO FIDUCIARY AGREEMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value on the consolidated statements of financial position. Land and building are recorded at the lower of cost or estimated market value.

RIA Charitable Investments, Inc. (RIACII) operates as an investment pool available to certain WGA Alliance Organizations. RIACII carries two investment pools. Funds deposited in the RIACII short term investment pool are invested in a variety of fixed income securities, including U.S. Treasury issues, corporate bonds, and mortgage-backed bonds, which borrow and pay in U.S. dollars. The short term portfolio pays interest at a stated rate, as determined from time to time by the board of directors, (2.00% and 2.25% as of September 30 2016 and 2015, respectively) to participants in proportion to the amount they have on deposit in the pool. Interest income recorded in the consolidated statements of activities for 2016 and 2015 was approximately \$916,000 and \$1,059,000, respectively. The short term portfolio is carried at the value of actual deposits made plus accrued interest. The RIACII long term investment pool invests in equity securities, mutual funds, and exchange-traded funds. The long term portfolio does not pay out interest, but allocates all net income or loss to the participants' deposits in the pool. As of September 30, 2016 and 2015, RIACII reported total assets with a fair value of approximately \$89,243,000 and \$88,058,000, respectively, of which Wycliffe USA, SC, and Wycliffe Foundation hold approximately \$53,003,000 (59%) and \$52,058,000 (59%), respectively.

Realized and unrealized gains and losses are recorded as non-operating gain or loss on the consolidated statements of activities. Investment income is reported as unrestricted unless specifically restricted by donors or by law.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Evaluations are made by management to estimate uncollectible accounts; no amounts were considered uncollectible for the years ended September 30, 2016 and 2015, respectively. All amounts recorded as contributions receivable as of September 30, 2016, were received subsequent to year-end.

#### BEQUESTS RECEIVABLE

Bequests receivable, that have been approved by the probate court and are measurable, are recorded at net realizable value. In most cases, proceeds are expected to be received within one year.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Expenditures for property and equipment in excess of the minimum threshold amount of \$5,000 are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the depreciable assets as follows:

Buildings	10 to 40 years
Equipment	3 to 10 years
Furniture and fixtures	7 to 10 years

#### DEFERRED MATCHING CONTRIBUTION REVENUE

Deferred revenue consists of funds received by SC with donor stipulations that matching contributions be raised in order to retain the gift. Contribution revenue is recognized as matching funds are raised. During 2016 and 2015, SC received approximately \$1,600,000 and \$1,300,000, respectively, in matching funds for certain translation projects that must be raised within a three year period. For the years ended September 30, 2016 and 2015, approximately \$1,700,000 and \$2,000,000 in matching gifts had been raised, respectively. As of September 30, 2016 and 2015, \$0 and \$64,976, respectively, was recorded as a deferred matching grant liability in the consolidated statements of position and is included in accounts payable and accrued expenses.

#### FIDUCIARY AGREEMENTS

Fiduciary agreements, administered by Wycliffe Foundation, represent the long-term liability of Wycliffe USA for charitable gift annuity contracts, revocable charitable trusts and charitable remainder trusts. Fiduciary agreement assets are recognized on the basis of their fair market value and reported as investments related to fiduciary agreements.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FIDUCIARY AGREEMENTS, continued

The total liabilities under fiduciary agreements were as follows (in thousands):

	September 30,	
	2016	2015
Charitable gift annuity contracts	\$ 6,244	\$ 6,397
Revocable charitable trusts	1,184	1,253
Charitable remainder trusts	2,135	2,099
Amount due to other remaindermen	2,259	2,059
	<u>\$ 11,822</u>	<u>\$ 11,808</u>

Wycliffe USA has a charitable gift annuity program whereby donors may contribute assets to Wycliffe USA for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift. Upon the death of the annuitant, income distributions cease. The actuarial liability for annuities payable is calculated annually using published mortality rate tables adopted by the Internal Revenue Service at an assumed rate of return of 6%. The resulting actuarial gain of approximately \$498,000 and \$1,015,000 in 2016 and 2015, respectively, is included in unrestricted change in value of fiduciary agreements on the consolidated statements of activities. Certain states require that Wycliffe USA maintain reserve funds adequate to meet the future payments under its outstanding annuity contracts. Wycliffe USA has separately invested funds sufficient to meet state requirements.

As trustee, Wycliffe USA administers revocable trusts that provide a beneficial interest to Wycliffe USA and other beneficiaries at the grantor's death. Net investment income from trust assets is paid to the grantor or designated beneficiaries. Because the trusts are revocable at the discretion of the grantor, the principal amounts are recorded as liabilities. Upon the death of the donor, the trust assets become the property of Wycliffe USA and are recognized as donations at that time. Any portion of a trust designated for other beneficiaries will be distributed in accordance with the trust agreement.

Wycliffe USA also administers irrevocable charitable remainder trusts. The trusts provide the payment of lifetime distributions to the donor or other designated beneficiaries. The present value of the estimated future payments is calculated using the current IRS Section 7520 interest rate and applicable mortality tables. At the death of the beneficiaries, the remaining assets are available for use by Wycliffe USA. The present value of the remainder interest of Wycliffe USA is reported as temporarily restricted contributions in the period received and as temporarily restricted net assets until a reclassification to unrestricted net assets is made, upon maturity of the trust. Investments related to trust agreements totaled approximately \$6,024,000 and \$5,903,000 as of September 30, 2016 and 2015, respectively.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The net assets of Wycliffe USA are classified into net asset categories according to externally (donor or legal) imposed restrictions as follows:

*Unrestricted net assets* include gifts for the general operations of Wycliffe USA, amounts designated by the board for specific use, and those resources invested in property and equipment.

*Unrestricted corporate reserves* include Wycliffe USA funds for active and retired missionary assistance programs; self-funded health, vision, life, emergency medical evacuation and worker compensation insurance plans; asset lifecycle replacement reserves, and 90-day operating reserve.

*Temporarily restricted net assets* include gifts for which donor-imposed or timing restrictions have not been met, but for which the ultimate purpose of the proceeds is not permanently restricted.

*Permanently restricted net assets* include gifts for which donor-imposed restrictions do not expire by the passage of time or cannot be fulfilled or removed by actions of Wycliffe USA pursuant to those stipulations.

#### REVENUE

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, or when ownership of other assets is transferred to Wycliffe USA. Conditional promises received are not included as revenue until the conditions are substantially met. Bequests are recorded as income at the time Wycliffe USA has an established right to the bequest and the proceeds are measurable. Service income represents amounts received from members and affiliated entities for housing, printing and other related services.

Contribution income to Wycliffe USA is subject to a ten to nineteen percent (10-19%) assessment. Contribution income to SC translation projects is subject to a nineteen percent (19%) assessment, which is used for general and administrative and fund-raising expenses. These assessments are reclassified from temporarily restricted to unrestricted net assets in the month the contribution is received.

#### CONTRIBUTED GOODS AND SERVICES

Contributed goods are recorded at fair market value at the time of donation. Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Wycliffe USA. Approximately \$148,000 and \$135,000 in contributed services were recognized as revenue and included in general and administrative expense in 2016 and 2015, respectively. Volunteers also provided other services throughout the year that are not recognized as contributions in the consolidated financial statements because the recognition criteria were not met.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CONTRIBUTED GOODS AND SERVICES, continued

Contributed services from affiliates represent the value of the staff provided by Wycliffe Organizations (affiliates). These services are recorded at the compensation expense amount incurred by the affiliate organization. See Note 9 for contributed services from affiliates recorded.

#### ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and activities benefited. Joint costs are costs incurred in activities that involve a combination of fund-raising and program and/or management and general activities.

In developing and maintaining support teams in their deputation efforts, members spend a portion of their time on program, fund-raising, and general and administrative activities. As such, included in total operating expenses is member labor of \$87,320,000 and \$86,762,000 as of September 30, 2016 and 2015, respectively of which approximately 87% is allocated to program services expense, 5% to fund-raising expense, and 8% to general and administrative expense

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of September 30, 2016, Wycliffe USA had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

#### RECLASSIFICATIONS

Certain financial statement and footnote information from the prior year consolidated financial statements has been reclassified to conform with current year presentation.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 3. INVESTMENTS:

Wycliffe USA's investments consist of the following (in thousands):

	September 30,	
	2016	2015
Cash and cash equivalents	\$ 787	\$ 899
Investments at fair value:		
Money market mutual funds	826	1,042
Common stock	8,047	6,470
Mutual funds	6,069	5,178
Exchange traded funds	364	313
Long term investment with RIACII	6,967	2,902
	<u>22,273</u>	<u>15,905</u>
Investments at lower of cost or estimated market value:		
Short term investment with RIACII	44,746	47,826
Accrued interest	10	7
Land and buildings	76	268
	<u>44,832</u>	<u>48,101</u>
Less: assets held for endowment	<u>(2,601)</u>	<u>(2,475)</u>
	<u>\$ 65,291</u>	<u>\$ 62,430</u>

Investment income consists of the following (in thousands):

	Year Ended September 30,	
	2016	2015
Interest and dividend income	\$ 1,318	\$ 1,492
Net realized/unrealized gain on investments	<u>2,005</u>	<u>1,151</u>
	<u>\$ 3,323</u>	<u>\$ 2,643</u>



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 4. INVESTMENTS RELATED TO FIDUCIARY AGREEMENTS:

Investments related to fiduciary agreements consist of the following (in thousands):

	September 30,	
	2016	2015
Cash and cash equivalents	\$ 485	\$ 783
Investments at fair value:		
Money market mutual funds	458	603
Common stock	5,447	4,764
Mutual funds	8,055	4,751
Corporate bonds	1,025	927
U.S. government agency bonds	1,301	1,946
Exchange traded funds	610	3,000
Exchange traded notes	374	168
	<u>17,270</u>	<u>16,159</u>
Investments at cost:		
Short term investment with RIACII	1,289	1,329
	<u>\$ 19,044</u>	<u>\$ 18,271</u>

Change in value of fiduciary agreements consists of the following (in thousands):

	Year Ended September 30,	
	2016	2015
Interest and dividend income	\$ 436	\$ 486
Net realized/unrealized gain (loss) on investments	1,126	(161)
Investment fees	(112)	(120)
Actuarial change	271	580
Payments and distributions	<u>(1,402)</u>	<u>(1,742)</u>
	<u>\$ 319</u>	<u>\$ (957)</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

5. NOTES RECEIVABLE:

Wycliffe USA has a note receivable secured by deed of trust which bears interest at 7%. Principal and interest payments totaling approximately \$10,000 are due monthly through August 1, 2024, at which time the remaining balance of principal and interest shall become due. The balance of the note was approximately \$626,000 and \$810,000 as of September 30, 2016 and 2015, respectively.

Wycliffe USA has a second note receivable secured by deed of trust which bears interest at 5%. The balance of the note was \$360,000 as of September 30, 2016. Principal payments are due to begin during the year ending September 30, 2018.

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net of accumulated depreciation consist of the following (in thousands):

	September 30,	
	2016	2015
Land and land improvements	\$ 4,739	\$ 4,707
Buildings	49,365	49,236
Equipment	9,424	8,785
Furniture and fixtures	4,757	4,712
	<u>68,285</u>	<u>67,440</u>
Less accumulated depreciation	<u>(30,493)</u>	<u>(28,024)</u>
	37,792	39,416
Construction in progress	850	86
	<u>\$ 38,642</u>	<u>\$ 39,502</u>

7. LINE OF CREDIT:

SC entered into a \$3,000,000 non-revolving line of credit agreement, secured by equipment, that began April 1, 2015 and expired on April 15, 2016, to finance building renovations for the new office building space. Interest only payments were due starting May 15, 2015, at 1% above the prime rate (4.25% as of September 30, 2015) with a balloon payment of all principal plus interest due on April 15, 2016. For the years ending September 30, 2016 and 2015, interest expense was \$43,899 and \$10,090, respectively. SC paid the balloon payment of approximately \$1,904,000 on April 8, 2016, to close out the line of credit.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

8. OPERATING LEASES:

SC has entered into operating lease agreements through 2022 for office space and various equipment. Per the office space agreement, the lessor agreed to pay for leasehold improvements up to approximately \$605,000. This is considered a lease incentive and, in accordance with generally accepted accounting principles, the total costs of the leasehold improvements were capitalized and the amount paid directly by the lessor (approximately \$605,000) was recorded as a deferred lease incentive liability (consolidated statements of financial position) to be amortized (\$2,517 per month) over the life of the lease as an offset against rent expense. Rental expense was approximately \$519,000 and \$499,000 for the years ended September 30, 2016 and 2015, respectively. Minimum future rentals as of September 30, 2016, are as follows (in thousands):

<u>Year ending September 30,</u>	
2017	\$ 401
2018	393
2019	427
2020	433
2021	472
Thereafter	<u>2,331</u>
	<u>\$ 4,456</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 9. TRANSACTIONS WITH RELATED ENTITIES:

Wycliffe USA had assets held with related entities as follows (in thousands):

	September 30,	
	2016	2015
Cash:		
SIL	\$ 4,632	\$ 3,067
Investments:		
SIL	750	823
RIACII	51,713	50,728
	<u>52,463</u>	<u>51,551</u>
Investments related to fiduciary agreements:		
SIL	29	66
RIACII	1,289	1,329
	<u>1,318</u>	<u>1,395</u>
Amounts due from related entities:		
Receivables from members	402	413
SIL and its affiliates	332	545
Other U.S. affiliates	76	-
	<u>810</u>	<u>958</u>
	<u>\$ 59,223</u>	<u>\$ 56,971</u>

Wycliffe USA had amounts due to related entities as follows (in thousands):

	September 30,	
	2016	2015
Payables to members	\$ 343	\$ 374
SIL and its affiliates	435	593
Other U.S. affiliates	6	-
	<u>784</u>	<u>967</u>
	<u>\$ 784</u>	<u>\$ 967</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

9. TRANSACTIONS WITH RELATED ENTITIES, continued:

Wycliffe USA received support from various related entities. Such amounts are included in revenue and were received as follows (in thousands):

	Year Ended September 30,	
	2016	2015
SIL and its affiliates	\$ 157	\$ 179
Other U.S. affiliates	2,270	2,813
	<u>\$ 2,427</u>	<u>\$ 2,992</u>

Of the total amounts received from affiliates, approximately \$857,000 and \$914,000 for the years ended September 30, 2016 and 2015, respectively, are contributed services related to members assigned to Wycliffe USA and SC from affiliated entities.

Wycliffe USA provided support to various related entities. Such amounts are included in program services and were provided as follows (in thousands):

	Year Ended September 30,	
	2016	2015
SIL and its affiliates	\$ 76,200	\$ 77,180
Other U.S. affiliates	7,045	7,290
	<u>\$ 83,245</u>	<u>\$ 84,470</u>

Of the total amounts provided to affiliates, approximately \$57,646,000 and \$56,783,000, for the years ended September 30, 2016 and 2015, respectively, are non-cash donations related to members assigned to affiliated entities.

Wycliffe USA and WA entered into a 99-year lease with a 90-day rescindment clause. Under this lease, WA rents office and warehouse space from Wycliffe USA at a monthly cost of \$1 per square foot. As a result of this agreement, Wycliffe USA has recorded the fair rental value of approximately \$652,000 in non-cash rental income and program services for donated rent contributed to WA for both the years ended September 30, 2016 and 2015.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 10. NET ASSETS:

Temporarily restricted net assets consist of the following (in thousands):

	September 30,	
	2016	2015
SC:		
Purpose restricted:		
Language projects and translations	\$ 18,147	\$ 18,599
Wycliffe USA:		
Purpose restricted:		
Projects	6,242	7,289
Time restricted:		
Irrevocable trusts	1,588	1,551
Other donor agreements	6,851	6,541
Bequests receivable	259	1,244
	<u>14,940</u>	<u>16,625</u>
	<u>\$ 33,087</u>	<u>\$ 35,224</u>

Permanently restricted net assets consist of the amounts available for investment in perpetuity, the income from which is restricted for (in thousands):

	September 30,	
	2016	2015
Supplemental income funds	\$ 473	\$ 473
Supplemental retirement funds	590	590
Scholarship funds	1,020	1,013
	<u>\$ 2,083</u>	<u>\$ 2,076</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 11. HEALTH INSURANCE:

Wycliffe USA provides a self-funded health insurance plan to both paid and supported staff. The plan year runs from October 1st to September 30th. Wycliffe USA's net cost under this program and accruals for known and incurred but not reported claims are reported as medical claims payable in the accompanying consolidated financial statements. This reserve is based on an estimate of outstanding claims at September 30; however, the actual liability is unknown and exposure to losses in excess of the accrued reserve may exist. During the year ended September 30, 2016, Wycliffe USA accrued an additional \$751,000 to properly account for an estimate of claims not yet filed on an existing extraordinary claim. Management believes that the liability reflected as medical claims payable in the consolidated statements of financial position is adequate to cover future losses.

### 12. EMPLOYEE RETIREMENT PLAN:

Wycliffe USA provides a 403(b) retirement plan for both member and non-member employees. For eligible non-member employees who participate in the plan, Wycliffe USA provides matching contributions. Eligible non-member employees are those who have completed 3 months of service and work 20 or more hours per week. These employees can designate a portion of their salary to fund their retirement accounts, and Wycliffe USA matches those contributions up to 2.5% of compensation. All employees are immediately vested at 100%. For the years ended September 30, 2016 and 2015, Wycliffe USA contributed approximately \$133,000 and \$137,000, respectively, to this plan.

SC provides employees the opportunity to participate in its own 403(b) retirement plan that also includes matching contributions. Eligible non-member employees are those who have completely satisfied the plan's earnings and service requirements. These employees can designate a portion of their salary to fund their retirement accounts, and SC matches those contributions up to 2% of compensation. SC contributes an additional 3% of compensation beyond the match for these employees. Employees are vested gradually over a two-year period. For the years ended September 30, 2016 and 2015, SC contributed approximately \$311,000 and \$301,000, respectively, to this plan.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

The following disclosure of estimated fair value of financial instruments is made in accordance with the *Financial Instruments* topic of the FASB ASC. The estimated fair value amounts have been determined by Wycliffe USA using available market information and appropriate valuation methodologies.

The estimated fair values of Wycliffe USA's financial instruments are as follows (in thousands):

	September 30, 2016		September 30, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Assets:</b>				
Cash	\$ 8,324	\$ 8,324	\$ 8,441	\$ 8,441
Investments	\$ 65,291	\$ 65,291	\$ 62,430	\$ 62,430
Notes receivable	\$ 986	\$ 986	\$ 810	\$ 810
Investments related to fiduciary agreements	\$ 19,044	\$ 19,044	\$ 18,271	\$ 18,271
Assets held for endowment	\$ 2,601	\$ 2,601	\$ 2,475	\$ 2,475
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,343	\$ 1,343	\$ 1,508	\$ 1,508
Line of credit	\$ -	\$ -	\$ 1,078	\$ 1,078
Deferred lease incentive	\$ 575	\$ 575	\$ 605	\$ 605
Fiduciary agreements	\$ 11,822	\$ 11,822	\$ 11,808	\$ 11,808



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Cash, accounts payable and accrued expenses, and line of credit*: The carrying amounts approximate fair value due to the short-term maturity of these instruments.

*Common stock, money markets, mutual funds, exchange traded notes, exchange traded funds and U.S. government agency bonds*: The fair value of these financial instruments is based on quoted market prices or dealer quotes, when available. The fair value of restricted corporate stock is based on Wycliffe USA's estimated fair market value at an estimated selling cost.

*Long term investment with RIACII*: The fair value consists of one pooled investment which is not valued based upon quoted market prices. Underlying investments of the pool include money market funds, mutual funds, exchange traded funds, and bond instruments. These investments are reported at estimated fair value as measured by their net asset value as reported by the fund manager (RIACII). That amount represents Wycliffe USA's proportionate interest in the capital of the invested funds.

*Corporate bonds*: The fair value of these financial instruments is based on yields currently available on comparable securities of issuers with similar credit ratings.

*Notes receivable and deferred lease incentive*: Fair value approximates carrying value.

*Fiduciary agreements*: The carrying amounts approximate fair value and are based on the present value of future cash flows to annuitants, income beneficiaries, and other remaindermen, respectively, using published mortality rate tables adopted by the IRS at an assumed rate of return of 1 - 6%.

Wycliffe USA uses appropriate valuation techniques to determine fair value based on inputs available. When available, Wycliffe USA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of significant unobservable inputs and have the lowest priority.

*Changes in methods and assumptions*: None.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis are as follows (in thousands):

	September 30, 2016			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market mutual funds	\$ 826	\$ -	\$ -	\$ 826
Common stock:				
Technology	1,088	-	-	1,088
Communication services	239	-	-	239
Industrials	306	-	5	311
Healthcare	801	-	-	801
Financial services	542	-	-	542
Consumer	1,145	-	-	1,145
Energy and utilities	21	-	-	21
Basic materials	501	-	-	501
Foreign	3,398	-	-	3,398
Other	1	-	-	1
	<u>8,042</u>	<u>-</u>	<u>5</u>	<u>8,047</u>
Mutual funds:				
Bond funds	1,608	-	-	1,608
Large cap funds	3,479	-	-	3,479
Mid cap funds	786	-	-	786
Foreign funds	196	-	-	196
	<u>6,069</u>	<u>-</u>	<u>-</u>	<u>6,069</u>
Exchange traded funds	364	-	-	364
Long term investment with RIACII	-	6,967	-	6,967
	<u>\$ 15,301</u>	<u>\$ 6,967</u>	<u>\$ 5</u>	<u>\$ 22,273</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

	September 30, 2016			Total
	Level 1	Level 2	Level 3	
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 458	\$ -	\$ -	\$ 458
Corporate bonds	-	1,025	-	1,025
U.S. government agency bonds	1,301	-	-	1,301
Exchange traded funds	610	-	-	610
Exchange traded notes	374	-	-	374
	<u>2,743</u>	<u>1,025</u>	<u>-</u>	<u>3,768</u>
Common stock:				
Technology	1,083	-	-	1,083
Industrials and materials	468	-	-	468
Healthcare	808	-	-	808
Financial services	615	-	-	615
Consumer	916	-	-	916
Energy and utilities	209	-	-	209
Foreign	1,348	-	-	1,348
	<u>5,447</u>	<u>-</u>	<u>-</u>	<u>5,447</u>
Mutual funds:				
Bond funds	1,914	-	-	1,914
Large cap funds	4,603	-	-	4,603
Mid cap funds	1,407	-	-	1,407
Foreign funds	131	-	-	131
	<u>8,055</u>	<u>-</u>	<u>-</u>	<u>8,055</u>
	<u>\$ 16,245</u>	<u>\$ 1,025</u>	<u>\$ -</u>	<u>\$ 17,270</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

	September 30, 2015			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market mutual funds	\$ 1,042	\$ -	\$ -	\$ 1,042
Common stock:				
Technology	977	-	-	977
Industrials	284	-	33	317
Healthcare	681	-	-	681
Financial services	285	-	-	285
Consumer	1,095	-	-	1,095
Energy & utilities	16	-	-	16
Basic materials	153	-	-	153
Foreign	2,945	-	-	2,945
Other	1	-	-	1
	<u>6,437</u>	<u>-</u>	<u>33</u>	<u>6,470</u>
Mutual funds:				
Bond funds	166	-	-	166
Large cap funds	3,846	-	-	3,846
Mid cap funds	770	-	-	770
Foreign funds	396	-	-	396
	<u>5,178</u>	<u>-</u>	<u>-</u>	<u>5,178</u>
Exchange traded funds	<u>313</u>	<u>-</u>	<u>-</u>	<u>313</u>
Long term investment with RIACII	<u>-</u>	<u>2,902</u>	<u>-</u>	<u>2,902</u>
	<u>\$ 12,970</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 15,905</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 603	\$ -	\$ -	\$ 603
Corporate bonds	-	927	-	927
U.S. government agency bonds	1,946	-	-	1,946
Exchange traded funds	3,000	-	-	3,000
Exchange traded funds	168	-	-	168
	<u>5,717</u>	<u>927</u>	<u>-</u>	<u>6,644</u>
Common stock:				
Technology	1,029	-	-	1,029
Industrials and materials	404	-	-	404
Healthcare	645	-	-	645
Financial services	528	-	-	528
Consumer	792	-	-	792
Energy and utilities	158	-	-	158
Foreign	1,208	-	-	1,208
	<u>4,764</u>	<u>-</u>	<u>-</u>	<u>4,764</u>
Mutual funds:				
Bond funds	317	-	-	317
Large cap funds	2,387	-	-	2,387
Mid cap funds	1,453	-	-	1,453
Small cap funds	437	-	-	437
Foreign funds	157	-	-	157
	<u>4,751</u>	<u>-</u>	<u>-</u>	<u>4,751</u>
	<u>\$ 15,232</u>	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 16,159</u>

The following table provides further details of the Level 3 fair value measurements (in thousands):

	September 30,	
	2016	2015
Balance, beginning of year	\$ 33	\$ 4
Total unrealized (loss) gain included in changes in net assets	(28)	29
Balance, end of year	<u>\$ 5</u>	<u>\$ 33</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE

#### MEASUREMENTS, continued:

Wycliffe USA uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Wycliffe USA's long term investment with RIACII calculates NAV per share (or its equivalent) and uses an investment strategy that includes long and short term strategies. This fund has no lockup restrictions and is normally redeemable upon notice. There are no unfunded commitments and no redemption restrictions in place at year end. Wycliffe USA's investment in this fund was approximately \$6,967,000 and \$2,902,000 as of September 30, 2016 and 2015, respectively.

### 14. COMMITMENTS:

#### *Project funding commitments:*

In the normal course of business, SC makes commitments to sponsor Bible translation projects carried on by related and foreign organizations. The sponsorships are conditional on approval of the organization's project proposal, receiving periodic progress and financial reports, and satisfactory progress toward project goals as outlined in the sponsorship agreements. The sponsorship commitments represent expected disbursements based on approved project budgets, and may vary based on currency exchange rates, staffing changes, inflationary factors, and/or significant changes in the project as reported per the project agreements. At September 30, 2016 and 2015, SC had approximately \$4,638,000 and \$2,573,000, respectively, remaining to be disbursed under these sponsorship agreements.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

### 15. ENDOWMENT FUNDS:

Wycliffe USA, through services provided by Wycliffe Foundation, administers fifteen individual donor-restricted endowment funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Wycliffe USA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Wycliffe USA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Wycliffe USA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2016 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, October 1, 2015	\$ -	\$ 399	\$ 2,076	\$ 2,475
Investment return:				
Interest and dividend income	-	103	-	103
Realized and unrealized gains	-	111	-	111
Investment fees	-	(29)	-	(29)
Total investment return	-	185	-	185
Contributions	-	-	7	7
Appropriation of endowment assets for expenditure	-	(66)	-	(66)
Endowment net assets, September 30, 2016	\$ -	\$ 518	\$ 2,083	\$ 2,601



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2015 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, October 1, 2014	\$ -	\$ 573	\$ 2,070	\$ 2,643
Investment return:				
Interest and dividend income	-	102	-	102
Realized and unrealized losses	-	(65)	-	(65)
Investment fees	-	(18)	-	(18)
Total investment return	-	19	-	19
Contributions	-	-	6	6
Appropriation of endowment assets for expenditure	-	(193)	-	(193)
Endowment net assets, September 30, 2015	\$ -	\$ 399	\$ 2,076	\$ 2,475

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only) (in thousands):

	September 30,	
	2016	2015
Permanently restricted net assets:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	\$ 2,083	\$ 2,076
Temporarily restricted net assets:		
Term endowment funds	\$ 515	\$ 386
The portion of perpetual endowment funds subject to a purpose restriction either by explicit donor stipulations or by UPMIFA	3	13
	\$ 518	\$ 399

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2016 and 2015

15. ENDOWMENT FUNDS, continued:

*Funds with deficiencies* : From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Wycliffe USA to retain as a fund of perpetual duration. There were no deficiencies at September 30, 2016 and 2015.

*Return objectives and risk parameters* : Wycliffe USA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy the endowment assets are invested in a manner that focuses on long-term capital appreciation while achieving relatively predictable and modest current income requirements.

*Strategies employed for achieving objectives* : To satisfy its long-term rate-of-return objectives, Wycliffe USA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Wycliffe USA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

*Spending policies and how the investment objectives relate to spending policy* : Wycliffe USA has a policy of appropriating for distribution each year the earnings stipulated in each individual endowment agreement. In establishing this policy, Wycliffe USA considered the long-term expected return on its endowment. Accordingly, over the long term, Wycliffe USA expects the current spending policy to allow its endowment to grow. This is consistent with Wycliffe USA's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION**

Board of Directors  
Wycliffe Bible Translators, Inc. and Affiliates  
Orlando, Florida

We have audited the consolidated financial statements of Wycliffe Bible Translators, Inc. and Affiliates as of and for the years ended September 30, 2016 and 2015, and our report thereon dated February 6, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and the consolidating statements of activities are presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual organizations, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Capin Crouse LLP*

Columbia, South Carolina  
February 6, 2017

## WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

### Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2016

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>ASSETS:</b>						
Cash	\$ 3,792	\$ 98	\$ 4,431	\$ 3	\$ -	\$ 8,324
Investments	37,466	1,707	19,788	-	6,330	65,291
Contributions receivable-net	-	-	1,859	-	(49)	1,810
Bequests receivable	259	-	-	-	-	259
Notes receivable	986	-	-	-	-	986
Amounts due from related entities	574	-	332	-	(96)	810
Other assets	1,881	4	977	-	-	2,862
Investments related to fiduciary agreements	-	-	-	-	19,044	19,044
Property and equipment-net of accumulated depreciation	35,466	4	3,172	-	-	38,642
Beneficial interest in agreements managed by WF	15,624	-	532	-	(16,156)	-
Assets held for others	-	27,978	-	-	(27,978)	-
Assets held for endowment	-	-	-	-	2,601	2,601
<b>Total Assets</b>	<b>\$ 96,048</b>	<b>\$ 29,791</b>	<b>\$ 31,091</b>	<b>\$ 3</b>	<b>\$ (16,304)</b>	<b>\$ 140,629</b>
<b>LIABILITIES AND NET ASSETS:</b>						
Liabilities:						
Accounts payable and accrued expenses	\$ 509	\$ -	\$ 834	\$ -	\$ -	\$ 1,343
Medical claims payable	2,381	-	-	-	-	2,381
Amounts due to related entities	404	96	429	-	(145)	784
Accrued compensation	7,795	-	-	-	-	7,795
Deferred lease incentive	-	-	575	-	-	575
Funds held for others	-	27,978	-	-	(27,978)	-
Fiduciary agreements	-	-	-	-	11,822	11,822
	<u>11,089</u>	<u>28,074</u>	<u>1,838</u>	<u>-</u>	<u>(16,301)</u>	<u>24,700</u>
Net Assets:						
Unrestricted:						
Undesignated	14,877	1,712	1,311	3	(3)	17,900
Equity in property and equipment-net	35,466	5	2,596	-	-	38,067
Board designated	-	-	6,667	-	-	6,667
Corporate reserves	17,593	-	-	-	532	18,125
	<u>67,936</u>	<u>1,717</u>	<u>10,574</u>	<u>3</u>	<u>529</u>	<u>80,759</u>
Temporarily restricted	14,940	-	18,679	-	(532)	33,087
Permanently restricted	2,083	-	-	-	-	2,083
	<u>84,959</u>	<u>1,717</u>	<u>29,253</u>	<u>3</u>	<u>(3)</u>	<u>115,929</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 96,048</b>	<b>\$ 29,791</b>	<b>\$ 31,091</b>	<b>\$ 3</b>	<b>\$ (16,304)</b>	<b>\$ 140,629</b>

## WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

### Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2015

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>ASSETS:</b>						
Cash	\$ 1,937	\$ 73	\$ 6,428	\$ 3	\$ -	\$ 8,441
Investments	34,661	1,382	20,247	-	6,140	62,430
Contributions receivable-net	-	-	440	-	-	440
Bequests receivable	1,244	-	-	-	-	1,244
Notes receivable	810	-	-	-	-	810
Amounts due from related entities	700	-	332	-	(74)	958
Other assets	1,808	2	573	-	-	2,383
Investments related to fiduciary agreements	-	-	-	-	18,271	18,271
Property and equipment-net of accumulated depreciation	36,729	9	2,764	-	-	39,502
Beneficial interest in agreements managed by WF	14,602	-	479	-	(15,081)	-
Assets held for others	-	26,889	-	-	(26,889)	-
Assets held for endowment	-	-	-	-	2,475	2,475
<b>Total Assets</b>	<b>\$ 92,491</b>	<b>\$ 28,355</b>	<b>\$ 31,263</b>	<b>\$ 3</b>	<b>\$ (15,158)</b>	<b>\$ 136,954</b>
<b>LIABILITIES AND NET ASSETS:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 373	\$ -	\$ 1,135	\$ -	\$ -	\$ 1,508
Construction payable	-	-	964	-	-	964
Medical claims payable	1,630	-	-	-	-	1,630
Amounts due to related entities	647	74	320	-	(74)	967
Accrued compensation	7,670	-	-	-	-	7,670
Line of credit	-	-	1,078	-	-	1,078
Deferred lease incentive	-	-	605	-	-	605
Funds held for others	-	26,889	-	-	(26,889)	-
Fiduciary agreements	-	-	-	-	11,808	11,808
	<u>10,320</u>	<u>26,963</u>	<u>4,102</u>	<u>-</u>	<u>(15,155)</u>	<u>26,230</u>
<b>Net assets:</b>						
<b>Unrestricted:</b>						
Undesignated	13,458	1,383	1,018	3	(3)	15,859
Equity in property and equipment-net	36,729	9	932	-	-	37,670
Board designated	-	-	6,133	-	-	6,133
Corporate reserves	13,283	-	-	-	479	13,762
	<u>63,470</u>	<u>1,392</u>	<u>8,083</u>	<u>3</u>	<u>476</u>	<u>73,424</u>
Temporarily restricted	16,625	-	19,078	-	(479)	35,224
Permanently restricted	2,076	-	-	-	-	2,076
	<u>82,171</u>	<u>1,392</u>	<u>27,161</u>	<u>3</u>	<u>(3)</u>	<u>110,724</u>
<b>Total Liabilities and Net assets</b>	<b>\$ 92,491</b>	<b>\$ 28,355</b>	<b>\$ 31,263</b>	<b>\$ 3</b>	<b>\$ (15,158)</b>	<b>\$ 136,954</b>

## WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

### Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2016

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>OPERATING SUPPORT AND REVENUE:</b>						
Contributions	\$ 153,184	\$ 8,924	\$ 39,598	\$ -	\$ (15,622)	\$ 186,084
Service income	2,569	44	743	-	(500)	2,856
Interest and dividend income	967	11	340	-	-	1,318
Other	58	-	41	-	-	99
Net gain on sale of property and equipment	1	-	-	-	-	1
Total operating support and revenue	156,779	8,979	40,722		(16,122)	190,358
<b>OPERATING EXPENSES:</b>						
Program services:						
Bible translation and related programs	124,387	7,811	29,291	-	(15,315)	146,174
Supporting services:						
General and administrative	21,902	203	3,903	-	(654)	25,354
Fund-raising	9,757	708	5,637	-	(153)	15,949
	31,659	911	9,540	-	(807)	41,303
Total operating expenses	156,046	8,722	38,831	-	(16,122)	187,477
Change in net assets from operating activities	733	257	1,891	-	-	2,881
<b>NON-OPERATING ACTIVITIES:</b>						
Net realized/unrealized gain on investments	1,736	68	201	-	-	2,005
Change in value of fiduciary agreements	319	-	-	-	-	319
Change in net assets from non-operating activities	2,055	68	201	-	-	2,324
Change in Net Assets	2,788	325	2,092	-	-	5,205
Net Assets, Beginning of Year	82,171	1,392	27,161	3	(3)	110,724
Net Assets, End of Year	\$ 84,959	\$ 1,717	\$ 29,253	\$ 3	\$ (3)	\$ 115,929

## WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

### Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2015

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>OPERATING SUPPORT AND REVENUE:</b>						
Contributions	\$ 151,929	\$ 7,483	\$ 36,344	\$ -	\$ (13,653)	\$ 182,103
Service income	2,600	33	154	-	-	2,787
Interest and dividend income	1,020	11	461	-	-	1,492
Other	53	-	104	-	(1)	156
Net gain (loss) on sale of property and equipment	9	-	(48)	-	-	(39)
<b>Total operating support and revenue</b>	<b>155,611</b>	<b>7,527</b>	<b>37,015</b>	<b>-</b>	<b>(13,654)</b>	<b>186,499</b>
<b>OPERATING EXPENSES:</b>						
Program services:						
Bible translation and related programs	124,344	6,348	27,337	-	(13,439)	144,590
Supporting services:						
General and administrative	20,084	192	3,770	-	(108)	23,938
Fund-raising	10,185	672	5,534	-	(107)	16,284
	30,269	864	9,304	-	(215)	40,222
<b>Total operating expenses</b>	<b>154,613</b>	<b>7,212</b>	<b>36,641</b>	<b>-</b>	<b>(13,654)</b>	<b>184,812</b>
Change in net assets from operating activities	998	315	374	-	-	1,687
<b>NON-OPERATING ACTIVITIES:</b>						
Net realized/unrealized gain (loss) on investments	1,241	6	(96)	-	-	1,151
Change in value of fiduciary agreements	(957)	-	-	-	-	(957)
Change in net assets from non-operating activities	284	6	(96)	-	-	194
Change in Net Assets	1,282	321	278	-	-	1,881
Net Assets, Beginning of Year	80,889	1,071	26,883	3	(3)	108,843
Net Assets, End of Year	<b>\$ 82,171</b>	<b>\$ 1,392</b>	<b>\$ 27,161</b>	<b>\$ 3</b>	<b>\$ (3)</b>	<b>\$ 110,724</b>